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8 **UNITED STATES DISTRICT COURT**
9 **FOR THE WESTERN DISTRICT OF WASHINGTON**
10 **AT SEATTLE**

11 VALVE CORPORATION,

12 Plaintiff,

13 v.

14 LEIGH ROTHSCHILD, ROTHSCHILD
15 BROADCAST DISTRIBUTION SYSTEMS,
16 LLC, DISPLAY TECHNOLOGIES, LLC,
PATENT ASSET MANAGEMENT, LLC,
MEYLER LEGAL, PLLC, AND SAMUEL
MEYLER,

17 Defendants.
18

Case No. 2:23-cv-1016

**VALVE CORPORATION'S UNOPPOSED
MOTION TO SEAL EXHIBIT 6 TO
FIRST AMENDED COMPLAINT**

NOTE ON MOTION CALENDAR:
[November 3, 2023]

Complaint Filed: 07/07/2023

JURY TRIAL DEMANDED

19 Pursuant to Local Civil Rule 5(g)(2), Plaintiff Valve Corporation (“Valve”) respectfully
20 moves this Court to issue an Order directing the Clerk to maintain under seal an unredacted copy of
21 Valve’s Exhibit 6 to Valve’s First Amended Complaint. Dkt. 23-6. Specifically, Valve seeks to seal
22 part of a single sentence on page 8 of Exhibit 6, which reflects the amount Valve paid to settle a
23 previous lawsuit. Valve explored but was unable to determine an alternative to filing under seal.

24 **I. CERTIFICATION**

25 Counsel for all parties conferred via email on October 11, 2023, and Defendants stated that
26 they do not oppose Valve’s Motion. Damitio Decl., ¶ 5. A redacted public version of Valve’s
27 Exhibit 6 to First Amended Complaint is being filed concurrently on the case docket.
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1 **II. BACKGROUND**

2 In 2016, Valve executed a license agreement with Defendants Display Technologies, LLC
 3 and Leigh Rothschild to settle ongoing litigation between the parties. Valve paid Display
 4 Technologies in exchange for a license to the asserted patents, as well as dozens of other patents
 5 owned by entities controlled by Mr. Rothschild. This 2016 agreement is relevant to Valve’s claims
 6 in this action. Valve filed its first amended complaint without redacting the amount that Valve paid
 7 under the license. Dkt. 23-6. The next business day, Valve informed the Court that the exhibit
 8 included confidential information and requested that the exhibit be placed under seal, which the
 9 Court did. Valve now moves in support of its request to maintain the as-filed Exhibit 6 under seal.

10 **III. LEGAL STANDARD**

11 Federal Rule of Civil Procedure 26(c) provides the Court discretion to permit sealing of
 12 documents to protect “a trade secret or other confidential research, development, or commercial
 13 information.” Fed. R. Civ. P. 26(c). A “district court’s order sealing its records [is] an exercise of its
 14 inherent supervisory power.” *Hagestad v. Tragesser*, 49 F.3d 1430, 1434 (9th Cir. 1995).

15 To seal documents associated with a non-dispositive motion, the designating party must
 16 demonstrate “good cause.” *See Kamakana v. City & Cnty. of Honolulu*, 447 F.3d 1172, 1179-80
 17 (9th Cir. 2006). The “good cause” standard requires a “particularized showing” that “specific
 18 prejudice or harm will result” if the information is disclosed. *See Phillips ex rel. Estates of Byrd v.*
 19 *Gen. Motors Corp.*, 307 F.3d 1206, 1211 (9th Cir. 2002). Courts in the Western District of
 20 Washington have previously found settlement negotiations and settlement agreements to be the type
 21 of confidential information that may be sealed. *Microsoft Corporation v. Motorola Inc., et. al.*, No.
 22 2:10-cv-1823, Dkt. 627, at 4-5 (W.D. Wash. Nov. 9, 2010).

23 **IV. ARGUMENT**

24 There is good cause to keep Valve’s payment amount in the 2016 settlement agreement
 25 under seal. First, Valve’s interests will be furthered by the relief sought. The decision to settle a
 26 lawsuit for any amount results from internal business decisions that are made and kept confidential
 27 by Valve.

1 Second, disclosure of this confidential information will result in competitive harm to Valve
 2 and impair its ability to negotiate settlements in future unrelated case. The knowledge of the amount
 3 that Valve paid to settle prior patent litigation suits is likely to place it at a disadvantage when
 4 attempting to negotiate any future case resolutions, potentially prolonging future litigation.
 5 *Microsoft Corp.*, 2:10-cv-1823, Dkt. 627 at 5 (sealing settlement licenses and stating “[b]y
 6 preventing settlement negotiations being admitted into evidence, full and open disclosure is
 7 encouraged, thereby furthering the policy toward settlement”). For these reasons, courts in the Ninth
 8 Circuit routinely grant motions to seal licensing terms. *In re Qualcomm Litig.*, No. 3:17-CV-0108-
 9 GPC-MDD, 2017 WL 5176922 (S.D. Cal. Nov. 8, 2017) (finding that defendant had met its burden
 10 to seal under the higher “compelling reason” standard and stating “[t]he Ninth Circuit has explicitly
 11 recognized that compelling reasons exist for the sealing of ‘pricing terms, royalty rates, and
 12 guaranteed minimum payment terms’ of license agreements.” (*citing In re Elec. Arts, Inc.*, 298 Fed.
 13 Appx. 568, 569 (9th Cir. 2008)).

14 Third, Valve seeks the least restrictive relief from the Court. Valve seeks only to redact a
 15 single sentence in the exhibit.

16 **V. CONCLUSION**

17 For the foregoing reasons, Valve respectfully requests the Court grant its motion to seal.

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1 DATED: October 13, 2023 Respectfully submitted,
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3 KILPATRICK TOWNSEND & STOCKTON
LLP

4 By: /s/ Dario A. Machleidt
5 Dario A. Machleidt (State Bar No. 41860)
6 Kathleen R. Geyer (State Bar No. 55493)
7 Christopher P. Damitio (State Bar No.
8 58633)
9 1420 Fifth Avenue, Suite 3700
Seattle, WA 98101
Telephone: (206) 467-9600
dmachleidt@kilpatricktownsend.com
kgeyer@kilpatricktownsend.com
cdamitio@kilpatricktownsend.com

10 *Attorneys for Plaintiff*
11 *VALVE CORPORATION*

12 I certify that this memorandum contains 685 words in compliance with the
13 Local Civil Rules.

14 /s/ Dario A. Machleidt
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CERTIFICATE OF SERVICE

I hereby certify that on October 13, 2023, I filed the within through the ECF system and that notice will be sent electronically to all counsel who are registered participants identified on the Mailing Information for C.A. No. 2:23-cv-01016.

/s/ Dario A. Machleidt